

UNEMPLOYMENT COMPENSATION FUND

Department of Workforce Services



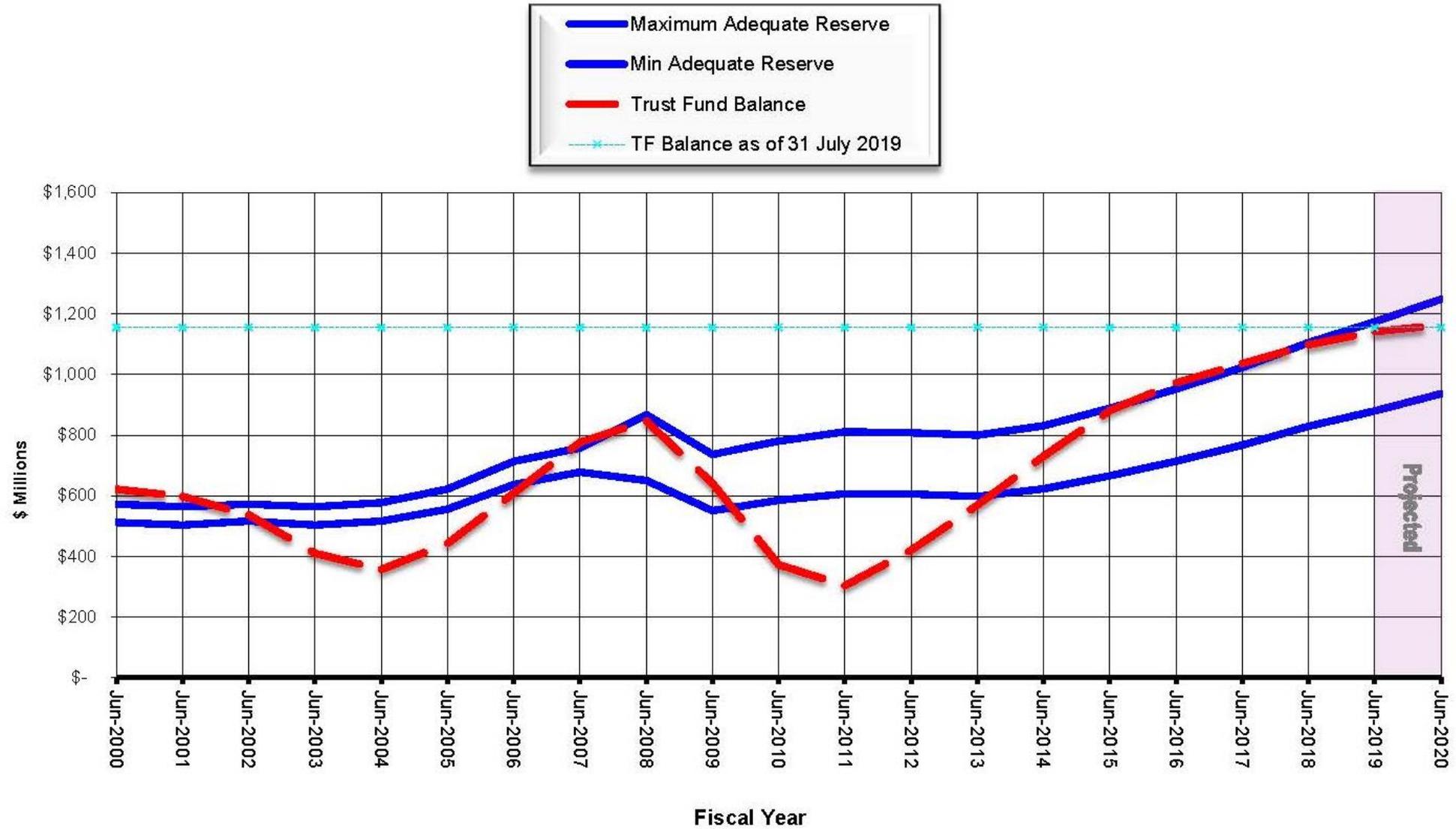
STATUTORY GOVERNANCE

- UCA 35A-4-501 – Unemployment Compensation Fund
 - Funds shall be used exclusively for the payment of unemployment benefits and refunds of contributions
- UCA 35A-4 – Employment Security Act
 - Formula for employer contribution rate
 - Formula for reserve factor (adequacy of reserve)
 - Defines payments in lieu of contributions for nonprofits, governmental units, and Indian tribal units
 - Formula for computation of benefits
 - Defines eligibility for benefits

UNEMPLOYMENT INSURANCE OVERVIEW

- Unemployment Insurance (UI) is a joint state and federal program that provides economic stability to Utah's workforce.
- Contributions (taxes) are collected from Utah employers through the state unemployment program to exclusively pay benefits to individuals who are unemployed through no fault of their own.

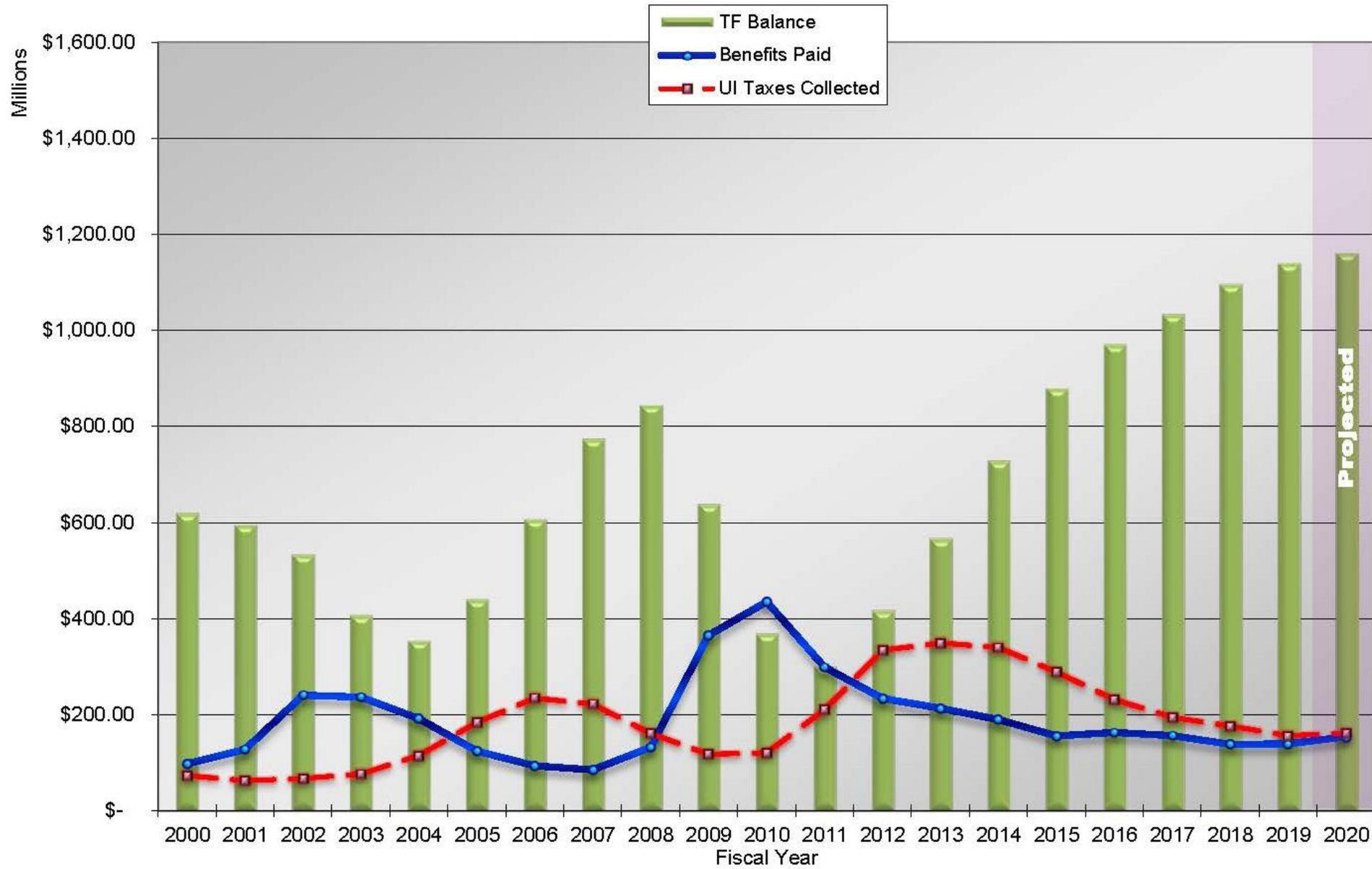
UI Trust Fund Balance Projections



Trust Fund Balance: (07/31/2019): 1.154 Billion



Contributions vs Benefits Paid

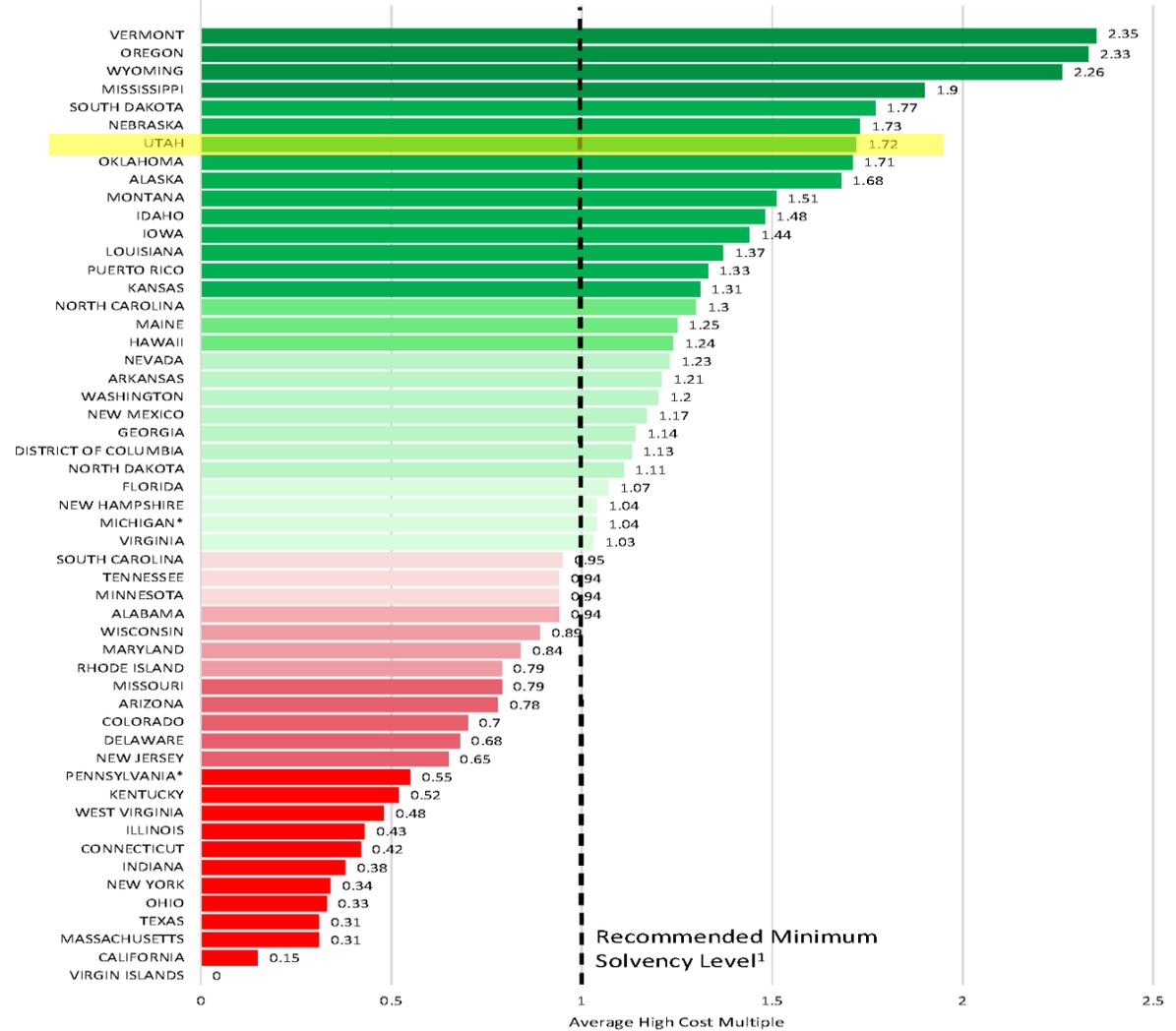


DOL STATE TRUST FUND SOLVENCY

A high cost multiple of 1.0 means that a state has a one-year reserve at its historically highest level of benefit payments without relying upon UI payroll tax revenues

State Trust Fund Solvency

(Estimated Average High Cost Multiple as of 1/1/2019)

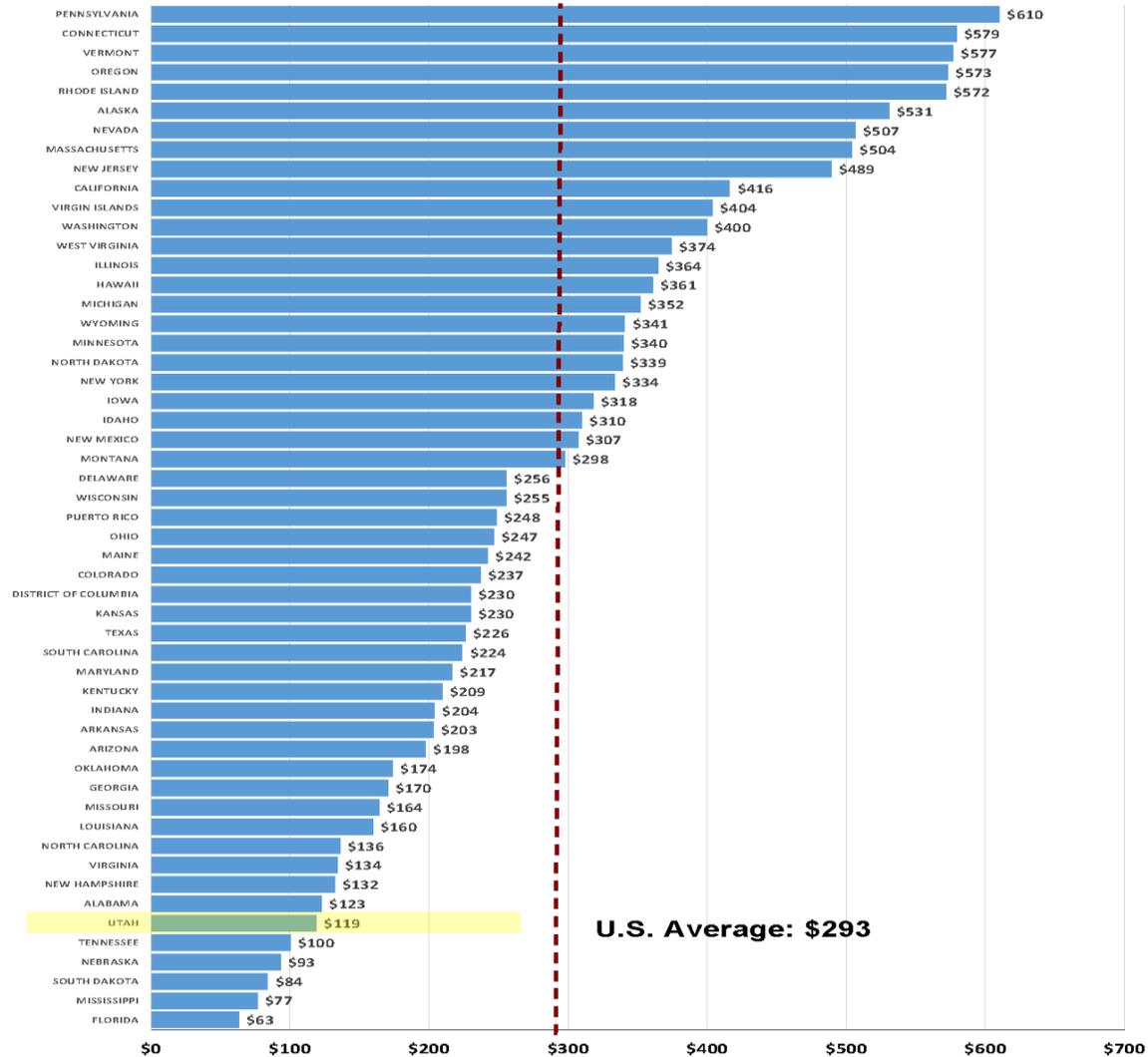


* State has outstanding private debt instrument.

1. Advisory Council on Unemployment Compensation, (1996), recommendation 95-2.



Average Employer Tax Amount Per Covered Employee (CY2018)

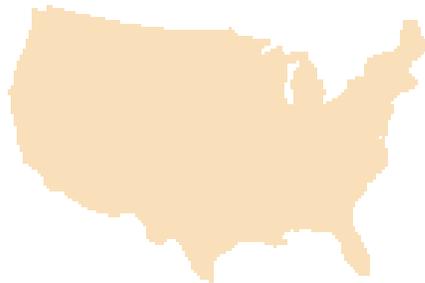


DOL AVERAGE
EMPLOYER TAX
AMOUNT PER
COVERED EMPLOYEE

UTAH UNEMPLOYMENT INSURANCE

UTAH RANKS

7TH
HIGHEST
in trust fund solvency



yet has the



6TH
LOWEST
tax rate for employers

*average employer tax amount
per covered employee*

\$119 UTAH

\$293 U.S. AVG. **\$610** HIGHEST STATE

TOTAL CONTRIBUTIONS COLLECTED

- Total Collected in 2013
–\$354,137,690
- Total Collected in 2018
–\$163,746,732

\$190,390,958 Less in Collections (53% Reduction)

REASONS FOR LOW TAX RATE WHILE MAINTAINING TRUST FUND SOLVENCY

- Program is designed well
 - During the last recession over 38 states/territories trust funds went insolvent (72%), Utah's did not
 - The formula has also responded well to the current, long economic run
- Utah Average Benefit Duration – 12.4 weeks
 - National Average Duration – 15.4 Weeks
- Utah Average Exhaustion Rate – 26.3%
 - National Average Duration Rate – 36.0%
- Utah has the 4th lowest Improper Payment Rate in the nation
- Incredible staff that work hard to administer the program